
The IR Journal

Army Studies Placement of Internal Review Auditors

Volume 2 Issue 3

June 1997

Study Proposal – Combine All Auditors Under Auditor General

A proposal to place all Army auditors under the Auditor General was presented to Mrs. Helen T. McCoy, Assistant Secretary of the Army (Financial Management & Comptroller) by Booz - Allen & Hamilton (BA&H), a contractor assisting with The Army's Financial Management redesign. In May, the contractor briefed The Army's Financial Management Executives (including Mrs. McCoy) and most MACOM DRMs) on several proposed initiatives.

Mrs. McCoy will consider the recommendation over the next several weeks.

The BA&H recommendation comes on the heels of the Secretary of the Army's decision on the Command Audit test within Forces Command (see page 2). The Financial Management proposal however, is significantly different from Command Audit. Under the BA&H proposal, all commanders would lose their auditors (as well as related dollars and work years). Spaces would be transferred to the



Army Audit Agency and be reduced by 50% in the ensuing three years.

Before you become unduly alarmed, there are several things you need to be aware of. First, no decision has been made on this proposal. Mrs. McCoy is treating it like all other proposals. That is, she has solicited comments from the field (via DRMs) to be received not later than 16 June.

You also need to be aware that (as this proposal is envisioned) your commands will not retain any IR related spaces. All IR spaces would go to USAAA and eventually be reduced from there.

Third, this proposal would transfer all IR functions, except audit followup, to USAAA. Commanders need to understand that aspect of the proposal very clearly.

We'll keep you posted as the proposal plays out.

FY97 Army Internal Review Training Symposium “Best Yet!”

A consensus of opinion expressed in post symposium critique sheets indicated that the DA IR Training Symposium conducted 24 through 27 March 1997, in St Louis was the best yet by far. Most attendees gave laudatory comments directed at many aspects of the event – from Guest Speakers to the Courtesies demonstrated by the Marriott Hotel Staff.



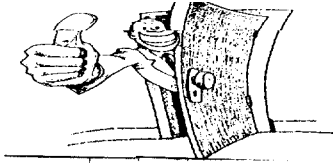
The caliber of speakers at the event was what took this year's symposium over the top. Led by Dr. Dan Kneer, speakers accumulated excellent ratings from

attendees. The top five plenary sessions this year were:

1. Unleashing Technology for Audit Excellence - Dr. Dan Kneer, Arizona State University
2. Marketing the IR Function - Mr. Ernie Adkins, Ohio National Guard
3. Computer Crime: What Is The Real Cost in Cyberspace? - Mr. Bill Marlow, VP, SAIC
4. DA Internal Review Update - Mr. Richard Chambers, SAFM-FOI
5. CAATS & Other BEASTS - Mr. Dave Coderre, Chief Review Services, Department of National Defence (Canada)

Secretary West Issues Guidance on Command Audit Concept

On 27 May 1997, Army Secretary Togo West issued written guidance disapproving the Command Audit Program (CAP) without ASA(FM&C) concurrence. The CAP was established in FY95 to be tested for one year. The test involved 10 FORSCOM sites (5 test sites and 5 IR control sites). An agreement between Headquarters, U.S. Forces Command and The Auditor General was executed whereby The Auditor General provided local



internal audit coverage and was reimbursed by FORSCOM.

The test results were evaluated by The Inspector General (TIG) in FY96. The TIG reported that the control sites proved more productive and cost efficient than the test sites but that the CAP was a viable alternative to internal review.

The Secretary's guidance paves the way for reestablishment of IR Offices at the 5 test sites within FORSCOM.

New IR Strategic Plan

The Army's Internal Review Program walks to a different beat these days.

That's due to a totally new Strategic Plan that was crafted by a select committee brought together at Fort Belvoir in November. At the core of the new Plan is -

The New IR Vision

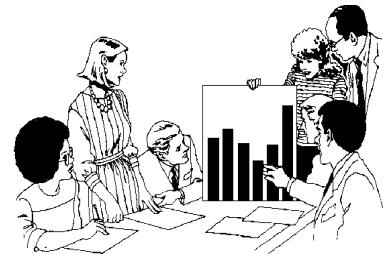
To be the premier source of objective, reliable and timely information for Army decision-makers.

This vision is to be supported by five IR Strategic Goals. They are -

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1. *Be valued members of the management team.*
2. *Identify current and emerging needs of Army decision-makers and deliver the services to meet them.*
3. *Achieve unsurpassed quality.*
4. *Streamline processes to ensure delivery of timely and relevant products and services.*
5. *Market IR capabilities.*

Each of these goals has a number of supporting actions that will be accomplished at the DA level. MACOM IR offices have been asked to prepare local supporting actions. This latter initiative should help ensure all IR offices are working to achieve our vision.



Any Changes Out There?

We still get e-mail messages returned to us with "user unknown" advisories.

Why do you think that is? It couldn't be because your e-mail address changed and you didn't let us know. Couldn't be. The Army's highly professional staff of IR auditors certainly wouldn't allow such things to happen. They want to be kept abreast of all the latest information. They're just too good for that!

- - Yoda (The Empire Strikes
Back)

In this period of serious budget reductions, the Army is looking at ABC/M as a tool to assist in making smarter financial decisions. Auditors should be involved in designing ABC models. That way we can help our commanders and managers better understand the full potential of the information that will be available.

True or False

Here's this quarter's question -

True or False -

Sir Lancelot was the most notable member of King Arthur's roundtable.

Answer on page 10



Ethics Dilemma?

Here is some information on the decline of business ethics we found on the Internet.

The American Society of Chartered Life Underwriters & Chartered Financial Consultants and the Ethics Officer Association conducted a national survey to determine the amount of pressure to act illegally or unethically employees feel at work. Here's

some of the statistics from the 1,324 employees who participated.

- ❑ Most Common Unethical Behavior
 - Cutting corners on quality control (16%)
 - Covering up incidents (14%)
 - Abusing or lying about sick days (11%)
 - Lying or deceiving customers (9%)
- ❑ Workplace Pressure
 - More pressure today than five years ago (57%)
 - More pressure today than one year ago (40%)
- ❑ Leading Sources of Pressure
 - Balancing work and family (52%)
 - Poor internal communications (51%)
 - Work hours/load (51%)
 - Poor leadership (51%)
- ❑ 88% reported physical and/or psychological reactions to the pressure. Negative reactions included:
 - Lost sleep/insomnia (57%)
 - Headaches (48%)
 - Depression (37%)
 - Lost/gained weight (35%)
 - Panic attacks (10%)

"... most of the employees surveyed believe the problems of pressure in the workplace and its consequences can be solved by improving communications (73%) and by a more serious commitment by senior management to the issues that cause pressure (71%). Those in 'top/senior level' positions, however, were the most skeptical that a 'serious commitment by management to address issues' is needed. Though 71% overall feel that this is necessary, only 56% of

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'top/senior level' managers agree."

For more information



contact www.disgruntled.com

Internet Insecurity?

The need for management to appreciate the security risks associated with using the Internet is of paramount importance to both the government and private enterprise. Starting on Page 14, we've reprinted an article from The Wall Street Journal that was recently disseminated by the Armed Forces Information Service throughout DOD. You may want to share it with your customers.



"Science, at bottom, is really anti-intellectual. It always distrusts pure reason, and demands the production of objective fact."

- - H. L. Menchen

Achieving Unsurpassed Quality Through Life Long Learning

By Captain Deborah Richardson,
USARC IR

Keeping up with change has to be a part of our everyday life if Internal Review (IR) is to continue to be effective. Both as individual auditors and IR offices, we must commit ourselves to "life long learning" about our profession and our command. A commitment to "life long learning" is an attitude that says you care enough about yourself and your command to continually seek self-improvement.

What are some ways to continue our professional growth and improve the quality of the products and services that we offer our commands? We can ...

1. Be a **business partner** in our command's changes and struggles.
2. Belong to **professional organizations**.
3. Obtain **advanced degrees**.
4. Use the **Internet**.

Being a **business partner** involves seeking ways to assist our command in dealing with change, such as reengineering efforts. We can perform consulting services to assist in building controls in processes before they are implemented. These services will also provide IR offices with a better understanding of these processes for future audit purposes.

"Whether you think you can, or that you can't, you are usually right."

- - Henry Ford



Professional

organizations offer us an opportunity to read and discuss techniques, ideas, and best practices with other skilled professionals; and to obtain new ideas for your auditors and the IR office. They also offer you an additional network of people to contact for innovative ways of dealing with the challenges facing your command.

Obtaining an **advanced degree** forces you to read information about other organizations facing change and their ensuing struggles. Focusing on human resources or information technology changes gives you insights into successes as well as failures within other organizations. Again, expanding your horizons to seek information about other situations forces you to examine how your command would face these challenges and what would be your command's significant strengths and weaknesses. You can use these ideas for audit topics, or just to network within your own command to pass on meaningful information.

The **Internet** offers more information than even an auditor can digest! For example, you can research audit reports of similar topics or Department of Defense guidance for future years that will affect your command. An unlimited amount of information and a communication network that can't be beat are available to you through the Internet.

To be an organization **Achieving Unsurpassed Quality**, we must commit ourselves to an

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attitude of "life long learning." Without such an unqualified commitment, we will be unable to provide our customers with the analytical and informational support they need and jeopardize our very livelihoods.

Lessons Learned

We've learned from **Ms. Ruth Drinkard**, MEDDAC IR, Fort Benning, GA., a customer friendly manner in which to prompt a responsive chord when obtaining command comments. Ruth has designed an Audit Reply Form that she sends along with the audit report. It formats the customer's response and ensures that the comments include the necessary information.

The Audit Reply Form is an example of a very simple solution to a sometimes-maddening problem. Her form contains the following:

CORRECTIVE ACTIONS TAKEN AS RESULT OF AUDIT

Date _____

SUBJECT:

FINDING:

RECOMMENDATION

CORRECTIVE ACTION TAKEN:

DATE CORRECTIVE ACTIONS
IMPLEMENTED: _____

COMMENTS:

IR Roundup

Awards -



- A double attaboy goes to **Mr. Tony Gulotta**, Chief IRAC, PANG, who was recently awarded two Pennsylvania Commendation Awards – his second and third awards. One was presented for his outstanding work as an advisor to the Base Realignment and Closure Coordination and Action Team. The other award was for his commendable service during the declaration of an emergency caused by Operation Blizzard/Meltdown in 1996.
- **Mr. John Riley**, CECOM IRAC, was selected as the AMC Auditor of the Year for FY 1996. Mr. Riley was also recognized for his outstanding performance in auditing by the Jersey Devil Chapter, ASMC, at the PDI. In addition, Mr. Riley was nominated for the CECOM Ten Outstanding Personnel of the Year Award for 1996.
- Congratulations to **Mr. Albert C. Dordan**, USARAK IRACO, who recently received certification as a Certified Government Financial Manager from the Association of Government Accountants, Inc.

"In critical moments men sometimes see exactly what they wish to see."

- - Mr. Spock, "The Tholian Web," stardate 56932

- **Mr. Jack Cunion**, CECOM, received a certificate and pin in recognition of his 30 years of Government service.



- **Messrs. Thomas Bates, Dominic D. Orazio, and Joseph Galanthay**, CECOM IRAC, received performance awards in conjunction with their annual appraisals.
- **Ms. Beverly B. McCrary**, ATCOM, received an exceptional performance rating and corresponding performance award.
- **Mr. William R. Huseman**, ATCOM, received the Achievement Medal for Civilian Service from the Commanding General, ATCOM, for being runner-up for the FY 96 AMC Auditor of the Year Award.
- **Messrs. John Munns and Robert Leto**, ARL, received exceptional performance ratings and corresponding awards.
- **Ms. Denise Clark, Ms. Marian Hodge, Ms. Chris Vazquez, and Messrs. John Ourednik and Greg Dorney**, TECOM, received awards for exceptional performance.

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- **Mr. David Murawski** received the following awards for his contributions to the ARDEC financial restructuring initiative: Commander's Award for Civilian Service, Special Act and the Commander's "We Make a Difference" Certificate and medallion. Also, Dave was recently notified that his team won the ASA(FM&C) Outstanding Resource Management Team Award.
- Performance awards were presented to MICOM IRAC personnel. Receiving awards were: **Rodger Keene, David Prince, Benny Rushing, Sam Meadows, Dewitt Palmore, Eura Reaves, Fred Simpson, Lisa Chesnutt, and Bobbie Harper.**
- "Way to go!" **Mr. Bill Richardson** and **Ms. Lena Godfrey** recently were given Time-Off awards for their



work within MICOM.

- **Ms. Pauline McDonald** and **Messrs. Harvey Crew, Ronald Griesmayer, Frank Mioni, Gerald Norris, and James Roulo**, TACOM, received performance awards.
- **Ms. Deborah McCormack**, Auditing Assistant, **Ms. Loretta Broomfield**, and **Mr. Anthony Walsh**, SSDCOM,

each received an exceptional performance rating and performance award.



- On 21 May 1997, the Commanding General, U.S. Army Japan/9th Theater Army Area Command presented **Mr. Reginald T. Tengan** the Superior Civilian Service Award and Medal.
- The following AMC auditors have recently been granted the designation of Certified Government Financial Managers:
- **TECOM** - Messrs. **John Zdenek, John Ourednik, Greg Dorney, Bill Hannan, Ms. Denise Clark, and Ms. Marian Hodge**
- **WSMR** - **Mr. Melvyn Witkoff**
- **IOC** - **Ms. Susan McCoy**
- **TACOM** - **Mr. Frank Mioni**
- **CECOM** - **Mr Thomas Bates**

Changes -

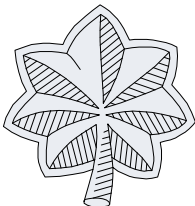
- The ATCOM IRAC office is scheduled to move to Redstone Arsenal, Alabama in early October 1997. Both ATCOM and MICOM are to be disestablished and formed into a new command – the Aviation and Missile Command (AMCOM) – to be effective 1 October 1997. **Mr. Rodger Keene** is the Acting Chief, MICOM IRAC, until 1 October 1997. **Mr. Ellis Cox,**

current Chief ATCOM IRAC, has been selected to be the AMCOM IRAC Chief.

- **Mr. Frank Bono**, Chief IR, USARC, and **Major Melvin Silva**, 65th ARCOM, Puerto Rico, graduated from the Army Management Staff College in April.

Promotions –

- Congratulations to **Mr. Anthony C. Gulotta**, Chief, IRAC, Pennsylvania National Guard. Tony was promoted to the rank of major in his weekend military assignment.
- **Mr. Gary Dissette**, Internal Review Officer at Crane Army Ammunition Activity was promoted to GS-511-12 in Dec 96.
- **Mr. Davis Engstrom**, DPG, has been promoted to Sergeant Major in the Army Reserve on 1 Jan 97. He now serves as a logistics Sergeant Major in the G-4 section with the 426th Medical Brigade in Salt Lake City, Utah.
- Congratulations to **Ivan Cancel**, 81st Regional Support Command (RSC) in Birmingham, AL. Ivan was recently promoted to Lieutenant Colonel in the Army Reserve. Ivan is the full-time auditor with the 81st.



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“The will to win is important, but the will to prepare is vital.”

- - Joe Paterno

- **Richard Cochrane**, 77th RSC, New York, was also recently promoted to Lieutenant Colonel. Richard is the Chief, IR at the 77th in his military role.



- Congratulations go out to a number of National Guard auditors who were recently promoted to GS-12.
- ★ **Karen J. Heaton**- South Carolina
- ★ **Victor D. Adams**- South Carolina
- ★ **Joe L. Hiott**- South Carolina
- ★ **Paul Miller**- New York
- ★ **Ralph Richter**- New York
- ★ **David Ensign**- New York
- ★ **Richard L. Camp**- South Dakota
- ★ **Mr. Ron Gustafson**- Nebraska
- ★ **Mr. Michael Brown**- Oregon
- ★ **Mr. Michael Garcia**- Oregon

What an Office!

- Congratulations to the IR Staff of the 65th Army Reserve Command in Puerto Rico. Besides residing in a tropical paradise, listen to these accomplishments –

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- ❖ Their chief, **Hector Sanchez**, was promoted to Lieutenant Colonel as an Army Reservist.
- ❖ **Major Melvin Silva**, their full-time auditor, graduated from the Army Management Staff College in April.
- ❖ **1LT Nelson Lopez** received his certification as a CPA.
- ❖ **SSG Ricardo Rosado** was certified as a CFE.



- **Wow!** This Wow is for the entire **ARDEC** staff who all recently received performance awards. The outstanding staff members are:
 - ★ **Mr. Dave Murawski**
 - ★ **Mr. John Szatkiewicz**
 - ★ **Mr. Fernando Rios**
 - ★ **Mr. Hank Titone**
 - ★ **Mr. Eugene Figurella**

Hail -

- **Ms. Sandy Jensen** is joining the NTC and Fort Irwin IR Office after 12 years in various NTC budget positions. Ms. Jensen holds a BS in Business Administration and a Masters in Public Administration. Among other duties, Ms. Jensen will be assuming responsibility for the NTC Management Control Program.

- **Mr. Michael Kittrell** came on board with the NGB IR Office in April. Michael previously worked for the Oregon National Guard IR Office.
- **Ms Carol Acornley** will also be joining the NGB IR Office on 23 June. Carol was working for AAA before accepting a position with NGB.
- **Mr. Stanley Jones** enters the IR arena as Chief, Virgin Islands National Guard IR Office.
- **Mr. Phil Bevis** returns to the scene of the crime! Phil comes back to the Delaware National Guard IR Office as Chief.

Farewell –

- **Ms. Beverly Bennett** has left the IR Office at the National Training Center and Fort Irwin for the local DRM.



- **Mr. Bud Root**, Washington National Guard IR, recently retired after 48 years of service. Yes, that's no misprint – 48 years of service! Rumor has it that Bud will devote his time to organizing a Pat Hinkle fan club.
- **Mr. Reginald T. Tengan** (Reggie) retired 3 June 1997 from the Internal Review Office, U.S. Army Japan after 42 years of Federal service. Reggie and his wife Micky

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will retire to Hawaii where they recently purchased a home.

- Rumor has it that **Mr. Doug Peyton**, AESG IRAC, Stuttgart will be retiring on 30 June 1997.
- **Mr. Adrian Todd**, Chief, MICOM IRAC, retired on 3 January 1997 with almost 40 years of Government service. At his retirement ceremony, Mr. Todd was presented the Superior Civilian Service Award by **MG James M. Link**, Commanding General, MICOM.
- **Mr. Raymond (Rocky) Calhoun**, ARNG IR, moved to the Comptroller Division in February 1997 after 15 years with the IR office. His former boss says, "Thank you Rocky, for your hard work, dedication, and contribution to the IR Program."

Vacancies –

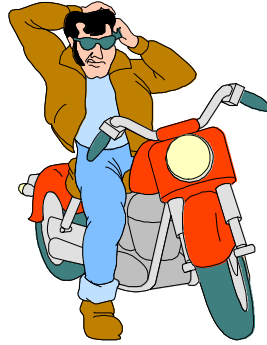
- **USARAK IRACO** has a vacancy for a GS-11 auditor. The auditor will be responsible for performing operational and financial audits. For more information, contact Mr. Nayer Mahmoud, DSN (317) 384-7364 or commercial (907) 384-7364.
- **8th Army IRACO** Announcement #S-96-11-119A (IRO) Open until filled. Submit application, SF50 & latest appraisal to: Seoul CPO Unit #1533, ATTN: EANC-SA-CPR, APO AP 96205-0177
- **Mr. James Dorovich** has advised us that he has a GS-12 Auditor position vacant at the

100th Area Support Group in Grafenwoehr, Germany. Jim can be reached at - aettir2@email.grafenwoehr.army.mil

- The **98th Area Support Group** located in Wuerzburg, Germany currently has two GS-11 audit positions vacant. Positions call for a three-year tour of duty with the 98th ASG. If interested, contact **Mr. Gordon A. Uscier** at email: audit1@email.wuerzburg.army.mil or DSN 351-4393. You can also contact **Ms. Karin Walker** at the Civilian Personnel Office (email address is kwalker@cpsc.kitzingen.army.mil). Her DSN is 355-8356. Gordon says: "We have a good office serving a great command in the heart of Bavaria, Germany."

Personals

- Has anyone heard about the middle-aged auditor in the Southwest, who apparently was no longer thrilled driving his ancient and over-taxed foreign car to work everyday? Seems this auditor turned up his thrill level by joining "Hell's Accountants" – that motorcycle gang who are mean and looking for someone to gang audit. They have beards too! If you should come into direct contact with this individual – **be very afraid!**



- We want to congratulate some old friends also. **Mr. Raymond (Rocky) Calhoun**, AR NG, was promoted militarily to CW5 on 16 May 1997. Also, in April one of his partners in crime for many years with the AR NG IR office, **CW5 Roland Bryant** retired militarily after only 43 years of service. So if you're travelling on I30 or I40 around the Little Rock area, watch out for errant golf balls.



Can you decipher what the following series of numbers represent?

112163
112196
11#9632
969363

Answer to March's puzzle -

MIGRAINE

was

A splitting headache

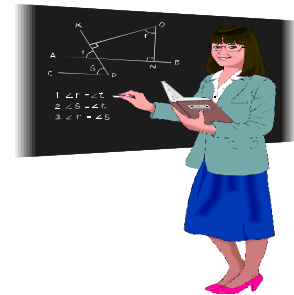
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"A conference is a gathering of important people who singly can do nothing, but together can decide that nothing can be done."

- - Fred Allen

The Training Corner

by Michelle Doyle



An additional **DA Audit Leadership Courses** (aka AFAA Advanced Course) is scheduled for 14-18 July 1997. These courses are held at March AFB, CA. Quotas have been distributed to MACOMs.

The FY98 Army Internal Review Training Symposium will be conducted in St. Louis, MO. from 6 – 9 April 1998. It's not too early to begin looking for speakers. Please let us know if you find someone you believe will make an outstanding speaker for the FY 98 IR Symposium.

USAAA Revamps Audit Training

The US Army Audit Agency, Training Branch, is revamping auditor training. The new approach was developed by a

Training Committee comprised of USAAA Training Branch personnel and members from the IR community.

In the future, the new Army auditor (USAAA or IR) will be presented with the basic knowledge necessary for him/her to become productive in much less time than was the case in the past. The revamped Introductory Course will take the student through the entire audit process and will include a significant number of practical exercises.

The Intermediate Course will be totally revised in format – being conducted in more of a symposium-like method. Over a period of time (one or two weeks), instruction will be scheduled and the student or his/her supervisor will choose which blocks will be attended. For instance: There may be blocks of instruction lasting two or three days each covering subjects such as:

- Report Writing
- Data Extraction & Analysis
- Fraud
- Audit Management
- Reviewing Workpapers
- Audit Planning
- Conferences & Briefings
- Problem Solving

This method of providing intermediate level training allows the individual and the supervisor to tailor training to meet individual needs.

Mr. John Bourgault, USAAA, was the catalyst for this new approach. He also plans to have the Training Committee look into such things as distance learning, correspondence courses, etc. Our hats are off to John for such a progressive approach to auditor training!



"Always do right – this will gratify some and astonish the rest."

- - Mark Twain

Calling All Audit Professionals

*Submitted by Sherry L. Harrison,
Auditor, USARAK*

Don't Miss This Chance!

Did you miss the opportunity to be "grandfathered in" as a Certified Government Financial Manager (CGFM)? The Professional Certification Board of the Association of Government



Accountants (AGA) announced that the Beta phase of the CGFM examination is expected to begin in July 1997 and they are offering the full exam at no cost. They have decided to expand the no-cost seating to include more individuals than the initial phase of first 150 applicants to sign up. If you plan to become a CGFM, do not miss the chance to take the three-part examination free. Time is running out. For more information, contact your local AGA chapter or call Dr. Carol Codori at the AGA at 1-800-

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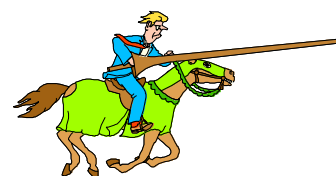
242-7211, extension 106. In addition, information is available on AGA's Homepage on the Internet. The address is:

<http://www.rutgers.edu/accounting/raw/aga/home.htm>

True of False

Answer to Question on Page 3.

False!

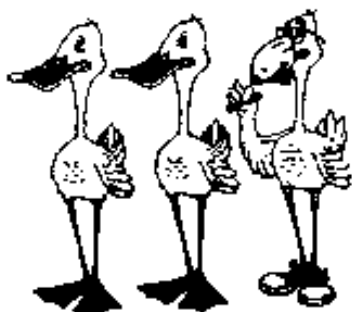


"The one knight of the Round Table everybody knows is not, as a matter of fact, a member of the original cast at all. There is no trace of Lancelot, or anyone like him, in the original British-Celtic legends of Arthur and his famous group. No one really knows how Lancelot made his way into Arthurian cycle (and, of course, also into the menage a trois which has become the dominant feature, to many readers, of the Camelot story.) He shows up first in a twelfth-century French manuscript as the hero of a series of amorous adventures, none of them, however, involving anybody like Guinevere. As the Arthurian cycle grew in popularity during the Middle Ages, Lancelot appears simply to have moved in and taken over."



"A pint of sweat will save a gallon of blood."

- - General George S. Patton Jr.



Web Feat of The Quarter

We'd like to add a new section to *The IR Journal* each quarter.

The new section "Web Feat of The Quarter" would identify how an IR auditor or audit staff made effective use of the Internet. Uses should span the spectrum of possibilities – from research – to best business practices – to creating and using a Web page.

This month we've identified a Web Site that can keep you updated on computer security. The National Computer Security Association maintains the site. Visit it at –

<http://techweb.cmp.com>

Find out about NCSA and the data they can provide you. For instance, pull up the article titled "The Security Façade" by Bob Violino. The article raises a number of concerns about computer security and should raise your consciousness about your organization's risks. It focuses on whether organizations are doing enough to protect themselves and it

presents a survey by IW Ernst & Young.

"Do not let what you cannot do interfere with what you can do."

- - John Wooden

Management Control Corner

by Mike Petty



ARMY MANAGEMENT CONTROL PROCESS COURSE

USDA has advised me that on-site requests for this course are running below last year. Either we saturated the market or you're using the information from this course to provide your own training. Remember this is the best and cheapest way to provide management controls training to 30 managers, unless you do it yourself. Please contact USDA directly to schedule this course on-site. I'm still receiving requests to teach this course on a by-seat basis. To address these requests we held a course in Washington, DC this spring.

COURSE DESCRIPTION:

This eight-hour seminar will cover the statutory and regulatory requirements of the Army's management control process, the underlying Army philosophy on management

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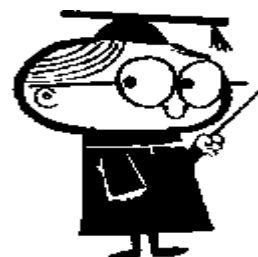
controls, the major elements of the Army's process and the basic responsibilities of key players in that process.

Course Schedule: June 18, 1997

Tuition: \$150.00 per student

Location: Government Audit Training Institute
USDA Graduate School
600 Maryland Ave., SW,
Room 138
Washington, DC 20024

USDA Contact: Ms. Karen Pressley (202) 401-9401 or (800) 326-7813



ARMY MANAGEMENT CONTROL ADMINISTRATORS COURSE

We conducted the pilot for this course on 11-12 March 1997. Thirty MCAs from HQDA, MACOMs and installations attended. The feedback we received from the attendees was very positive and their comments were helpful in finalizing the course outline. USDA will teach



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this two-day course four times during FY 1997 and twice during the first quarter FY 1998. We have not locked in a schedule for the remainder of FY 1998 at this time.

COURSE DESCRIPTION:

The purpose of this two-day course is to provide Army Management Control Administrators with the comprehensive training necessary for them to perform their job. This training includes developing a Management Control Plan, conducting effective management control evaluations, identifying material weaknesses, and establishing plans to correct them, and preparing annual statements of assurance.

Course Location/Schedule:

Washington, DC
June 19-20, 1997
August 6-7, 1997

Fort Lewis, WA
September 8-9, 1997

St. Louis, MO
September 11-12, 1997

FY 1998:

Atlanta, GA
November 17-18, 1997

San Antonio, TX
November 20-21, 1997

Tuition:

\$250.00 per student

USDA Contact: Ms. Karen Pressley
(202) 401-9401 or
(800) 326-7813

"Fire is the test of gold; adversity, of

-- Seneca

Annual Management Control Administrators Training Conference

Mark your calendars for 5 Aug 1997, for our annual HQDA and MACOM MCA training conference. This year we'll hold our conference in conjunction with one of the two-day MCA Courses (6-7 Aug) in the Washington, DC area. I'm in the process of working out the details so please stay tuned. If you have suggestions on agenda items, please let me know.

FY 1997 Annual Assurance Statement Guidance

On 26 May 1997, we sent the FY 1997 annual assurance statement guidance out to MACOMs and HQDA staff agencies. The only changes are the elimination of the DoD Risk Areas (old TAB B) and re-tabbing your material weaknesses from TAB C to TAB B. In the instructions to TAB B I've added a paragraph on weaknesses reported by MACOMs that need HQDA action. Specifically, I've asked the MACOMs to clearly indicate in their corrective action plan where they need HQDA action and who should take that action. **A helpful hint:** MACOM functionals should be talking with their HQDA counterparts well before these weaknesses hit the Pentagon. I've also formally tasked the HQDA functionals to provide a response, by 1 December 1997, to MACOMs that request assistance in correcting their weaknesses.



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Reporting material weaknesses in management controls

Periodically, we get questions from commanders and managers on why they should report material weaknesses in their management controls. We usually answer by citing their inherent responsibilities to establish effective management controls and to keep their bosses informed. This is in keeping with the Army's philosophy of full disclosure of management control problems. The following paragraph, from the 5 June 1997, Significant Activities Report to the Secretary of the Army, is a perfect example of how full disclosure can help the Army avoid potentially embarrassing media attention. Two things that are significant about this paragraph: First, the Office of the Chief of Public Affairs reported it to the Secretary. Second, by identifying, correcting and reporting this weakness, the Office of the Deputy Chief of Staff for Logistics (ODCSLOG) demonstrated to the media that the Army was on top of the problem. The Significant Activity Report reads as follows:

Unique Item Tracking Material

Weakness. Mr. Colin Clark, *Defense Week*, interviewed LTC Washington, DALO-SMA. Assisted by US Army Audit Agency (USAAA) representatives, LTC Washington was successful in preventing a negative story Mr. Clark was preparing on *missing* missiles. LTC Washington explained that the USAAA report upon which Mr. Clark was basing his story, was a consulting review which the ODCSLOG had asked USAAA to perform on its Unique Item Tracking System. LTC Washington informed Mr. Clark that the Army had complete accountability for its missiles. USAAA was referring to lack of complete visibility at the DA level on accountability for several sensitive items. Additionally, ODCSLOG is in the process of correcting the material weakness in the Unique Item Tracking System.

Due Outs

The following actions are pending in SAFM-FOI.

AR 11-7 – In final draft, suspended awaiting BA&H proposal decision.

Reporting PAT – In final draft, due out NLT August 97.

Performance Measures PAT – In final draft, due out in August 97.

QA PAT – Initial draft, next meeting is in July 97. Due out by September 97.

Planning PAT – Final draft out to MACOMs for comments. Due out in August 97.

IR Steering Group – To meet 12-13 August 1997 in Pentagon.

Summer of 97

Travel Charge Card Update

By Mr. Rich Adamy, SAFM-FOI-M



The Government Travel Charge Card Program offers benefits to DoD, the Army, and individual cardholders. However, the Army has a continuing problem with cardholders who are delinquent with their accounts. Over the last two years, these delinquencies have generally peaked in the winter months, then declined in the spring, and leveled off in the summer.

The cardholder agreement with American Express (AMEX) specifically states that the card is to be used only for official government travel expenses. However, some cardholders misuse their travel charge card by purchasing items for their personal use. Some cardholders even use the ATM feature of their travel charge card without going on TDY. Statistical analysis by AMEX shows that abuse of ATM privileges is a major cause of delinquencies.



There are more dollars delinquent this year than last. Total delinquent dollars in

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May 1996 was \$9 million. Today, the amount is \$12.5 million, a one-third increase. This delinquency represents nearly 21% of the total dollars owed by Army cardholders, yet it is caused by only 11% of all cardholders. Only 5.5% of our cardholders are in the 120-day or more delinquent category, but they are responsible for nearly three fourths of the delinquent dollars owed. Over two thirds of those cardholders are still on active duty or employed by the Army.

What can we do to turn this around? The answer is hopefully a combination of initiatives: from command-level emphasis to increased training for cardholders and Agency Program Coordinators.

From the HQDA level, letters from Mrs. Helen T. McCoy, ASA (FM&C) and Mr. Ernest J. Gregory, DASA (FO), stressed the need for MACOM Commanders to take an active role in the program. Those MACOMs where commanders have taken an interest



in the program have shown an improvement in their delinquency rates.

We are finalizing the Army supplement to DoD's travel card directive (Volume 9, DoD Financial Management Regulation). This Army

supplement will provide MACOMs with options to tailor their own travel charge card program to suit their particular needs.

MACOMs can use the monthly reports supplied by AMEX to spot card abuse, target problem cardholders, and head off delinquencies. Local Agency Program Coordinators (APCs) are a source of information on card usage and delinquencies, and they know which cardholders are in danger of losing their travel charge cards. MACOMs can also give special emphasis on proper card use in the summer months to head off the seasonal surge of delinquencies in the fall and winter.

Training for cardholders and APCs is available from various sources. AMEX is ready to provide on-site training at no cost to cardholders and APCs at Army installations. FORSCOM and USARC are already taking advantage of the offer. The Chain Teaching Program prepared by DoD is available on the ASA (FM&C) Homepage. We are also finalizing a slide presentation for training Army cardholders. This will be available soon on our Homepage, and can be customized by APCs for local use.

Most of the Army's travel charge card delinquency problems are caused by a small number of cardholders, and many of those are still associated with the Army. More importantly, MACOMs can head off these delinquencies by training their cardholders, actively using the monthly reports, and aggressively monitoring card usage for signs of abuse.

"The difference between fiction and reality? Fiction has to make sense."

- - Tom Clancy

APCs who wish to take advantage of AMEX on-site training should contact Brian Holcomb at American Express, (703) 312-8374, or Bill Harris at ASA (FM&C), (703) 697-1812 or DSN 227-1812, or Rich Adamy at (703) 697-2233 or DSN 227-2233. E-mail: Harrisw@hqda.army.mil or Adamyrc@hqda.army.mil

"640K ought to be enough for anybody."

- - Bill Gates (1981)

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Internet Insecurity May Prove Deadly

By Howard Whetzel and
Kenneth Allard

Defense Secretary William Cohen and the Justice Department have warned that the World Wide Web increases the risk of terrorism by providing ready access to information on bomb making. True enough-but even worse, the government

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itself is placing information on the Internet that even a moderately skillful terrorist, extortionist or other criminal could use to create another Chernobyl.

It's a fact of life that the use of advanced technology to gather information is no longer a government monopoly. We wondered what would happen if information-technology skills were turned against critical infrastructure facilities in the U.S.. In particular, what information could a terrorist or disgruntled employee get hold of, simply by examining public information on various Web pages? Our hypothetical terrorist had neither specialized information nor a physical presence within the U.S., only the computer skills and Net-surfing savvy of a high school student. The results were startling. Using only information gathered from the Net, our 'terrorist' was able to:

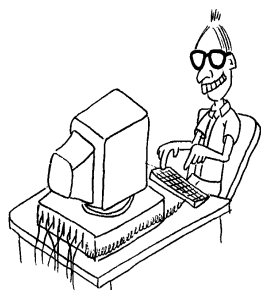
- identify a nuclear power plant somewhere in the U.S. that had experienced enough safety and security problems to suggest deeper vulnerabilities;
- pinpoint where fissionable nuclear materials were stored and processed;
- locate the most vulnerable points for physical attack, including the reactor and key safety and backup systems;
- compile a remarkably complete profile of the security force, including the names, addresses and

even pictures of key personnel; and,

- document the local community's emergency response system, including notification rosters, traffic choke-points, and radio broadcast frequencies.

It's obvious that such information would greatly simplify the task of anyone seeking to mount a devastating attack on American soil. How devastating? With precise information about primary backup and emergency systems, explosive devices far smaller than the one used in Oklahoma City could create a chain of events resulting in permanent, catastrophic damage that could imperil the nation's power grid. The accidental release of radioactive materials and even a meltdown are the nightmare scenarios.

The profligate dissemination of sensitive data that we found suggests that



small groups or even individuals can conceive and mount attacks that would previously have required state sponsorship. Equally disturbing, they can gather this information at great distances. The attacker thus not only would enjoy the traditional advantages of timing and initiative, but also would be spared the necessity of taking

many of the overt steps-like "casing" a nuclear plant-that might betray his plans.

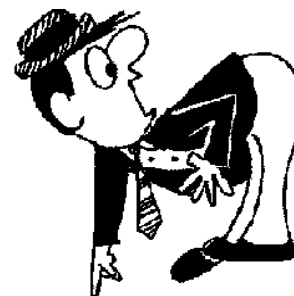
These emerging security issues should prompt some tough thinking. Governments, utilities and corporations must understand how readily large numbers of bits and bytes of seemingly benign information can be electronically gathered, enhanced and compared. The result can be a stunningly accurate picture of the most sensitive workings of these organizations-even of what should be their most closely held secrets. Time and again, government officials and congressional staffs briefed on this study expressed amazement at the richness and diversity of the data that were "out there"-the usual question being "Who released this stuff?" The answer is that different parts of any large organization have correspondingly different views of what information is important and why.

Internet security poses another dilemma: The broader the attempt to control information, the more likely it is to fail. Sen. Daniel P. Moynihan (D., N.Y.) recently made a similar point about the excessive secrecy that government bureaucracies use for self-preservation: Classifying everything makes it conversely more difficult to protect anything, including those secrets that really do matter. In confronting an array of new security challenges, government and business leaders alike must understand that excessive

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secrecy and well-intentioned naivete are classic bureaucratic prescriptions - and are equally self-defeating.

The answer is a matter of leadership and common sense. If our democratic freedoms are not to become a suicide pact, detailed technical and security information about our power plants must be removed from the Internet-even as new defensive measures are put in place. Surely the need for oversight, control and public accountability of these critical elements of our nation's infrastructure can be managed while reducing such obvious risks to their security.



Similarly, corporate leaders need to appreciate that the era of "net-centric" organizations carries with it a new set of challenges for risk management. The basic idea is that information technology must be managed so that it furthers the goals of the corporation, not those of the competition or the opposition (which includes growing numbers of cyber-thieves, hackers and even antibusiness terrorists). Because information is the lifeblood of the net-centric organization, a multi-disciplined approach to security requirements has now become a given: increased

physical, personnel and network security, unified by a coherent corporate strategy.

For both business and national infrastructures, the larger lessons are the same: that single points of failure can be devastating, and that bureaucratic hierarchies are often inadequate to perform the highly networked, integrative thinking needed to identify and reinforce those critical points. The new imperative is to be precise in identifying the most critical information resources, and to defend those resources with a zeal that matches their value. Neither as stockholders nor as citizens should we expect anything less.

*Mr. Whetzel is CEO of Avenue Technologies Inc.
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is an unofficial newsletter for the Army Internal Review community published by the Office of the Deputy Assistant Secretary of the Army (Financial Operations). Its objective is to keep readers informed of issues, which may affect or have affected the Army's Internal Review Program, the internal audit profession or auditing in the Federal government. ***The IR Journal*** will not be used to announce new or revised Army policy. It will however, often discuss new or changed policies subsequent to official announcement.

The editorial staff would like to hear your comments or ideas on improving ***The IR Journal***. We would also ask you to submit articles, questions, good news, lessons learned, innovative audit techniques employed, recommendations for training, or letters to the editor.

We ask DA Staff and MACOM Internal Review offices to provide us with information on promotions, awards, new assignments, births, marriages, etc. This is **your** publication, so please help us serve you better.

Please feel free to contact our editorial staff, **Bob Barnhart** and **Michelle Doyle**, at any time. They can be reached at DSN 225-2909, COMM (703) 695-2909/7693; FAX - DSN 223-1028, COMM (703) 693-1028; or e-mail BARNHRW@hqda.army.mil or DOYLEM@hqda.army.mil. Comments or questions pertaining to the Management Control Page can be directed to **Mike Petty** at DSN: 225-3225; COMM (703) 695-3225; or e-mail PETTYTM@hqda.army.mil. Mike's FAX number is the same as shown above.



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Happy 4th